

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other			Local Government Name County of Alger, Michigan		County Alger
Audit Date 12/31/05		Opinion Date 6/2/06		Date Accountant Report Submitted to State: 6-27-06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have compiled with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Anderson, Tackman & Co. PLC			
Street Address 102 W. Washington, Suite 109		City Marquette	State MI
Accountant Signature A. Deccattiles, CPA		ZIP 49855	

County of Alger, Michigan

**Audited Financial Statements
And Supplemental Information
December 31, 2005**

Table of Contents

Independent Auditors' Report.....	6-7
Management's Discussion and Analysis	8-13

Basic Financial Statements

Statement of Net Assets	14
Statement of Activities	15
Governmental Funds Balance Sheet	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Proprietary Funds Statement of Net Assets	20
Proprietary Funds Statement of Revenues, Expenses and Changes in Net Assets	21
Proprietary Funds Statement of Cash Flows.....	22
Fiduciary Funds Statement of Fiduciary Net Assets.....	23
Component Units Combining Statement of Net Assets	24
Component Units Combining Statement of Activities	25
Notes to Financial Statements.....	26-39

Required Supplementary Information

Major Governmental Funds

General Fund Budgetary Comparison Schedule.....	41
Major Special Revenue Funds Budgetary Comparison Schedule	42

Other Financial Information

Major Governmental Funds

General Fund:	
Schedule of Revenues and Other Financing Sources – Budget and Actual	44-46
Schedule of Expenditures and Other Financing Uses – Budget and Actual	47-49
Ambulance Fund Schedule of Revenues, Expenditures and Changes in Fund Balance	50

Restricted Fund Schedule of Revenues, Expenditures and Changes in Fund Balance	51
Revenue Sharing Reserve Fund Schedule of Revenues, Expenditures and Changes in Fund Balance	52

Non-Major Governmental Funds

Non-Major Governmental Funds Combining Balance Sheet.....	53
Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	54
Non-Major Special Revenue Funds Combining Balance Sheet	54-56
Non-Major Special Revenue Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	57-58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Social Services Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – M.S.U. Extension Fund.....	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – County Law Library Fund.....	61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Emergency Management Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balance – Friend of the Court Fund	63
Schedule of Revenues, Expenditures and Changes in Fund Balance – Probate Child Care Fund.....	64
Schedule of Revenues, Expenditures and Changes in Fund Balance – Building Department Fund.....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance – Veterans Trust Fund	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Michigan Justice Training Fund	67

Schedule of Revenues, Expenditures and Changes in Fund Balance – Central Dispatch 911 Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balance – Wireless 911 Fund.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balance – Register of Deeds Automation Fund.....	70
Schedule of Revenues, Expenditures and Changes in Fund Balance – D.A.R.E. Fund	71
Schedule of Revenues, Expenditures and Changes in Fund Balance – Emergency Management Grant Fund.....	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Drug Law Enforcement Fund.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balance – Circuit Court Probate Oversight Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balance – Snowmobile Enforcement Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Local Corrections Fund.....	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Homestead Property Tax Fund	77
Non-Major Capital Projects Funds Combining Balance Sheet	78
Non-Major Capital Projects Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balance.....	79

Internal Service Funds

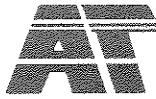
Combining Statement of Net Assets	80
Combining Statement of Revenues, Expenses and Changes in Net Assets	81
Combining Statement of Cash Flows	82

Fiduciary Funds

Combining Statement of Net Assets	83
---	----

Compliance Supplements

Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards	85-86
Report to Management Letter.....	87-88



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

Independent Auditors' Report

Board of Commissioners
County of Alger, Michigan
Munising, Michigan

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alger, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Alger, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Alger County Commission on Aging (discretely presented component unit), which represents (0.71) percent of the net assets of the component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Alger, Michigan, as of December 31, 2005, and the respective changes in financial position thereof for the year ended in conformity with accounting principles generally accepted in the United States of America.

Board of Commissioners
County of Alger, Michigan
Munising, Michigan

The management's discussion and analysis and budgetary comparison information on pages 8 through 13 and 41 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2006 on our consideration of the County of Alger, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining and individual fund schedules as listed as other financial information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Alger, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 2, 2006

County of Alger, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the County of Alger's financial performance provides an overview of the County's financial activities for the year ended December 31, 2005. Please read it in conjunction with the financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- Net assets for the County as a whole were \$4,344,934. Net assets increased by \$566,321 as a result of this year's operations.
- During the year, the County had expenses for governmental activities that were \$4,050,197 and generated \$4,106,829 in general revenues and other program sources.
- The general fund reported a net change in fund balance of \$94,907. This is \$94,907 higher than the forecasted increase of \$-0-.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 14 and 15) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government.

Reporting the County as a Whole

Our analysis of the County as a whole begins on page 10. One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

report the County's net assets and changes in them. You can think of the County's net assets - the difference between assets and liabilities - as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the County's patron base and the condition of the County's capital assets, to assess the overall financial health of the County.

In the Statement of Net Assets and the Statement of Activities, we divide the County into three kinds of activities:

- **Governmental activities** – Most of the County's basic services are reported here, including the police, fire, public works and parks departments, and general administration. Property taxes, charges for services and state sources fund most of these activities.
- **Business-type activities** – The County currently does not engage in any business-type activities defined as activities financed by fees charged to external parties who use certain goods or services.
- **Component units** – The County includes two separate legal entities in its report – the Commission on Aging and the Alger County Road Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

Reporting the County's Most Significant Funds

Our analysis of the County's major funds begins on page 12. The fund financial statements begin on page 16 and provide detailed information on the most significant funds – not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County Commission establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using taxes, grants, and other money. The County's two kinds of funds - governmental and proprietary - use different accounting approaches.

- **Governmental funds** – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- Proprietary funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. We use internal service funds (the only component of the County's proprietary funds) to report activities related to delinquent tax collection funds that provide services for the County's other programs and activities.

The County as Trustee

The County is the trustee, or fiduciary, for assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 23. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The County as a Whole

Table I provides a summary of the County's net assets as of December 31, 2005 and 2004.

Table 1		
Net Assets		
	Governmental Activities – 2005	Governmental Activities – 2004
Current and other assets	\$3,798,644	\$3,591,248
Capital assets, net	2,598,388	2,525,690
Total Assets	6,397,032	6,116,938
Current liabilities	845,612	1,102,526
Noncurrent liabilities	1,206,486	1,235,799
Total Liabilities	2,052,098	2,338,325
Net Assets:		
Invested in capital assets, net of related debt	1,548,388	1,445,690
Restricted	-	-
Unrestricted	2,796,546	2,332,923
Total Net Assets	<u>\$4,344,934</u>	<u>\$3,778,613</u>

Net assets of the County's governmental activities stood at \$4,344,934. Unrestricted net assets—the part of net assets that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$2,796,546.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The \$2,796,546 in unrestricted net assets of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the County as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net assets for fiscal years 2005 and 2004.

Table 2
Change in Net Assets

	Governmental Activities – 2005	Governmental Activities – 2004
Revenues:		
Program revenues:		
Charges for services	\$881,796	\$904,821
Operating grants and contributions	1,022,407	896,956
Capital grants and contributions	-	-
General revenues:		
Taxes	2,302,871	2,206,714
Unrestricted intergovernmental sources	224,953	203,987
Interest and investment earnings	60,892	38,987
Miscellaneous	123,599	40,851
Total Revenues	4,616,518	4,292,316
 Program Expenses:		
Legislative	39,056	60,933
Judicial	572,592	599,886
General government	1,011,243	885,650
Public safety	768,789	862,268
Health and welfare	437,276	413,290
Other	1,170,963	1,062,507
Interest on long-term debt	50,278	51,703
Total Expenses	4,050,197	3,936,237
Increase (decrease) in net assets	566,321	356,079
Net assets, beginning	3,778,613	3,422,534
Net Assets, Ending	\$4,344,934	\$3,778,613

The County's total revenues were \$4,616,518. The total cost of all programs and services was \$4,050,197, leaving an increase in net assets of \$566,321.

The primary reason for the increase was the continued funding of the Revenue Sharing Fund in the current year.

Table 3 presents the cost of each of the four largest programs – General Government, Public Safety, Judicial, and Other – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each program placed on the County's operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
General Government	\$1,011,243	\$(530,901)
Public Safety	768,789	(329,364)
Judicial	572,592	38,511
Other	1,170,963	(1,078,201)

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$2,206,680, an increase of \$460,511 from the beginning of the year.

The primary reason for the increase was the continued funding of the Revenue Sharing Fund in the current year.

General Fund Budgetary Highlights

Over the course of the year, the County Commission revised the budget several times.

With these adjustments, actual charges to expenditures were \$61,074 more than the final amended budget and other financing sources (uses) were \$95,361 more than the final amended budget. Conversely, revenues were \$60,620 more than the final budget projection. Revenue budget fluctuations were incurred in State sources, and other miscellaneous revenues. Expenditure budget fluctuations were the result of recording accounts payable and accrued liabilities after budget approval.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005, the County had \$2,598,388 invested in a variety of capital assets including land, buildings, and other equipment. (See table 4 below)

Table 4
Capital Assets at Year-End
(Net of Depreciation)

	Governmental Activities – 2005	Governmental Activities – 2004
Land	\$160,000	\$160,000
Buildings and improvements	2,082,494	2,102,302
Equipment and vehicles	355,894	263,388
Totals	<u>\$2,598,388</u>	<u>\$2,525,690</u>

Major capital additions in the current year included a generator, ambulance, and 911 equipment. No major capital additions are planned for next year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Debt

At year-end, the County had \$1,050,000 in bonds outstanding. There were no new additions to debt for this year and further details on long-term debt can be found in Note E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The County's elected and appointed officials consider many factors when setting the fiscal year 2006 budget. One of those factors is the economy.

The current economic health of the State of Michigan was of great concern. The prolonged economic turndown has caused a significant reduction in State revenues which threatens to affect Alger County.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Treasurer at County of Alger, 101 Court Street, Munising, Michigan 49862.

County of Alger, Michigan

Statement of Net Assets

December 31, 2005

	<u>Primary Government Governmental Activities</u>	<u>Component Units</u>
ASSETS		
Current Assets:		
Cash	\$ 2,130,769	\$ 1,194,337
Receivables (net)	1,667,875	555,753
Inventory	-	380,595
Prepaid expenses and other assets	-	54,531
TOTAL CURRENT ASSETS	<u>3,798,644</u>	<u>2,185,216</u>
Non-current assets:		
Land	160,000	49,332
Other capital assets	3,782,330	10,446,140
Accumulated depreciation	(1,343,942)	(5,112,084)
Total Capital Assets	<u>2,598,388</u>	<u>5,383,388</u>
TOTAL NON-CURRENT ASSETS	<u>2,598,388</u>	<u>5,383,388</u>
TOTAL ASSETS	<u>6,397,032</u>	<u>7,568,604</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	50,034	205,285
Accrued liabilities	53,761	339,824
Deferred revenue	706,817	167,099
Compensated absences	-	61,743
Current portion of bonds payable	35,000	50,000
Current portion of notes and contracts payable	-	172,808
TOTAL CURRENT LIABILITIES	<u>845,612</u>	<u>996,759</u>
Non-current Liabilities:		
Compensated absences	191,486	191,396
Bonds payable	1,015,000	2,655,000
Long-term contracts and notes payable	-	394,082
Other	-	-
TOTAL NON-CURRENT LIABILITIES	<u>1,206,486</u>	<u>3,240,478</u>
TOTAL LIABILITIES	<u>2,052,098</u>	<u>4,237,237</u>
NET ASSETS		
Invested in capital assets net of related debt	1,548,388	2,146,498
Restricted for:		
Debt Service	-	140,962
Unrestricted	2,796,546	1,043,907
TOTAL NET ASSETS	<u>\$ 4,344,934</u>	<u>\$ 3,331,367</u>

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Statement of Activities

For the year ended December 31, 2005

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary Government:					
Governmental Activities:					
Legislative	\$ 39,056	\$ -	\$ -	\$ -	\$ (39,056)
Judicial	572,592	217,352	393,751	-	38,511
General government	1,011,243	344,519	135,823	-	(530,901)
Public safety	768,789	57,155	382,270	-	(329,364)
Health and welfare	437,276	262,770	17,801	-	(156,705)
Other	1,170,963	-	92,762	-	(1,078,201)
Interest on long-term debt	50,278	-	-	-	(50,278)
TOTAL PRIMARY GOVERNMENT	4,050,197	881,796	1,022,407	-	(2,145,994)
Component Units:					
Commission on Aging	627,142	124,277	458,840	-	-
Road Commission	3,318,389	1,143,233	3,583,567	-	-
TOTAL COMPONENT UNITS	\$ 3,945,531	\$ 1,267,510	\$ 4,042,407	\$ -	1,364,386
General Revenues:					
Taxes					2,302,871
Unrestricted intergovernmental sources					224,953
Interest and investment earnings					60,892
Miscellaneous					123,599
TOTAL GENERAL REVENUES					2,712,315
CHANGE IN NET ASSETS					566,321
Net assets, beginning of year					3,778,613
NET ASSETS, END OF YEAR					\$ 4,344,934
					\$ 3,331,367

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Governmental Funds

Balance Sheet

December 31, 2005

	General Fund	Ambulance Fund	Restricted Fund	Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 245,246	\$ 192,024	\$ 552,394	\$ 225,796	\$ 470,969	\$ 1,686,429
Receivables						
Accounts	104,867				26,234	131,101
Taxes - current	511,193	251,279	-	429,280	-	1,191,752
Due from other funds	-	-	-	11,969	-	11,969
Other assets	-	-	-	-	-	-
TOTAL ASSETS	\$ 861,306	\$ 443,303	\$ 552,394	\$ 667,045	\$ 497,203	\$ 3,021,251

LIABILITIES AND FUND BALANCE

LIABILITIES:						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 1,465	\$ 1,465
Accounts payable	17,165	1,487	-	-	26,013	44,665
Accrued wages	43,613	6,579	-	-	3,569	53,761
Due to other funds	11,969	-	-	-	-	11,969
Deferred revenue	451,432	251,279	-	-	-	702,711
Other liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	524,179	259,345	-	-	31,047	814,571

FUND BALANCE:

Reserved, reported in:						
Capital Projects Funds	-	-	-	-	1,412	1,412
Unreserved, reported in:						
General Fund	337,127	-	-	-	-	337,127
Special Revenue Funds	-	183,958	552,394	667,045	464,744	1,868,141
TOTAL FUND BALANCE	337,127	183,958	552,394	667,045	466,156	2,206,680
TOTAL LIABILITIES AND FUND BALANCE	\$ 861,306	\$ 443,303	\$ 552,394	\$ 667,045	\$ 497,203	\$ 3,021,251

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS

December 31, 2005

Total Fund Balances for Governmental Funds	\$ 2,206,680
---	---------------------

*Amounts reported for governmental activities in the statement
of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	2,598,388
---	-----------

Internal service funds are used by management to administer the activities of the Delinquent Tax Revolving Funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets, net of capital assets.	781,352
--	---------

Long-term liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported in the funds.

Current portion of bonds payable	\$ 35,000	
Compensated absences	191,486	
Long-term portion of bonds payable	<u>1,015,000</u>	
		<u>(1,241,486)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,344,934</u>
--	----------------------------

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005

	General Fund	Ambulance Fund	Restricted Fund	Revenue Sharing Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	\$ 1,645,925	\$ 227,131	\$ -	\$ 429,815	\$ -	\$ 2,302,871
Licenses and permits	2,418	-	-	-	88,173	90,591
Federal sources	182,901	-	-	-	191,857	374,758
State sources	578,765	1,970	-	-	123,893	704,628
Local sources	17,241	-	-	956	130,587	148,784
Contributions from private sources	20,146	-	-	-	-	20,146
Charges for services	368,988	262,770	-	-	53,795	685,553
Fines and forfeits	18,063	-	-	-	2,001	20,064
Interest and rentals	153,708	-	14,013	-	-	167,721
Other	101,402	-	-	-	-	101,402
TOTAL REVENUES	3,089,557	491,871	14,013	430,771	590,306	4,616,518
EXPENDITURES:						
Current operations:						
Legislative	33,369	-	-	-	-	33,369
Judicial	543,841	-	-	-	28,751	572,592
General government	776,944	-	-	165,319	183,230	1,125,493
Public safety	655,034	-	-	-	166,343	821,377
Health and welfare	84,146	351,233	-	-	35,168	470,547
Other	1,023,078	-	-	-	-	1,023,078
Capital outlay	-	-	-	-	147,885	147,885
Debt service	80,278	-	-	-	-	80,278
TOTAL EXPENDITURES	3,196,690	351,233	-	165,319	561,377	4,274,619
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(107,133)	140,638	14,013	265,452	28,929	341,899
OTHER FINANCING SOURCES (USES):						
Loan proceeds	-	-	-	-	-	-
Transfers in	236,324	34,272	-	-	50,272	320,868
Transfers out	(34,284)	(88,700)	-	-	(79,272)	(202,256)
TOTAL OTHER FINANCING SOURCES (USES)	202,040	(54,428)	-	-	(29,000)	118,612
CHANGE IN FUND BALANCE	94,907	86,210	14,013	265,452	(71)	460,511
Fund balance, beginning of year	242,220	97,748	538,381	401,593	466,227	1,746,169
FUND BALANCE, END OF YEAR	\$ 337,127	\$ 183,958	\$ 552,394	\$ 667,045	\$ 466,156	\$ 2,206,680

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ 460,511**

*Amounts reported for governmental activities in the statement
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlays	\$ 205,870	
Depreciation expense	<u>(133,171)</u>	72,699

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 30,000

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. -

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (5,688)

Internal service funds are used by management to administer the activities of the Delinquent Tax Revolving Funds. The net revenue of the internal service funds are included in governmental activities in the statement of net assets. 8,799

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 566,321</u>
--	--------------------------

County of Alger, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2005

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets:	
Cash	\$ 445,805
Receivables - other governmental units	-
Taxes receivable	345,022
TOTAL CURRENT ASSETS	790,827
TOTAL ASSETS	790,827
LIABILITIES	
Current Liabilities:	
Accounts payable	2,617
Due to other governmental units	2,752
Deferred revenue	4,106
TOTAL CURRENT LIABILITIES	9,475
TOTAL LIABILITIES	9,475
NET ASSETS	
Unrestricted	781,352
TOTAL NET ASSETS	\$ 781,352

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Assets

For the year ended December 31, 2005

	Governmental Activities Internal Service Funds
OPERATING REVENUES:	
Fees	\$ 62,644
Expense of sale	1,228
TOTAL OPERATING REVENUES	63,872
OPERATING EXPENSES:	
Other operating expenses	33,790
TOTAL OPERATING EXPENSES	33,790
OPERATING INCOME (LOSS)	30,082
NON-OPERATING REVENUES (EXPENSES):	
Interest income	97,329
Interest expense	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	97,329
INCOME (LOSS) BEFORE TRANSFERS	127,411
Transfers in	600,861
Transfers (out)	(719,473)
CHANGE IN NET ASSETS	8,799
Net assets, beginning of year	772,553
NET ASSETS, END OF YEAR	\$ 781,352

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2005

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from fees and charges for services	\$ 77,935
Cash payments to suppliers for goods and services	(28,591)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	49,344
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers in (out)	(118,612)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	(118,612)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	97,329
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	97,329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,061
Cash and cash equivalents, beginning of year	417,744
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 445,805
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 30,082
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	-
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	16,535
(Increase) decrease in taxes receivable	(2,472)
Increase (decrease) in accounts payable	5,199
NET ADJUSTMENTS	19,262
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 49,344

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Fiduciary Funds

Statement of Fiduciary Net Assets

December 31, 2005

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 475,246
Accounts receivable	<u>4,460</u>
TOTAL ASSETS	<u><u>\$ 479,706</u></u>
LIABILITIES	
Due to other governmental units:	
State of Michigan	\$ 38,326
Other	393,062
Other liabilities	<u>48,318</u>
TOTAL LIABILITIES	<u><u>\$ 479,706</u></u>

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Component Units

Combining Statement of Net Assets

December 31, 2005

	<u>Commission on Aging</u>	<u>Road Commission</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 4,500	\$ 1,189,837	\$ 1,194,337
Receivables, net	72,141	483,612	555,753
Inventory	-	380,595	380,595
Prepaid expenses and other assets	-	54,531	54,531
TOTAL CURRENT ASSETS	<u>76,641</u>	<u>2,108,575</u>	<u>2,185,216</u>
Restricted Assets	-	-	-
Non-Current Assets:			
Capital assets:			
Land	-	49,332	49,332
Other capital assets	-	10,446,140	10,446,140
Accumulated depreciation	-	(5,112,084)	(5,112,084)
Total Capital Assets	-	<u>5,383,388</u>	<u>5,383,388</u>
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>5,383,388</u>	<u>5,383,388</u>
TOTAL ASSETS	<u>76,641</u>	<u>7,491,963</u>	<u>7,568,604</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	19,078	186,207	205,285
Due to other governmental units	-	-	-
Accrued liabilities	34,384	62,837	97,221
Deferred revenue	-	167,099	167,099
Compensated absences - current portion	1,405	60,338	61,743
Current portion of bonds payable	-	50,000	50,000
Current portion of notes and contracts payable	35,000	137,808	172,808
Advances	-	242,603	242,603
TOTAL CURRENT LIABILITIES	<u>89,867</u>	<u>906,892</u>	<u>996,759</u>
Non-current Liabilities:			
Compensated absences	10,441	180,955	191,396
Bonds payable	-	2,655,000	2,655,000
Notes payable	-	394,082	394,082
TOTAL NON-CURRENT LIABILITIES	<u>10,441</u>	<u>3,230,037</u>	<u>3,240,478</u>
TOTAL LIABILITIES	<u>100,308</u>	<u>4,136,929</u>	<u>4,237,237</u>
NET ASSETS			
Invested in capital assets net of related debt	-	2,146,498	2,146,498
Restricted for debt service	-	140,962	140,962
Unrestricted	(23,667)	1,067,574	1,043,907
TOTAL NET ASSETS	<u>\$ (23,667)</u>	<u>\$ 3,355,034</u>	<u>\$ 3,331,367</u>

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

Component Units

Combining Statement of Activities

For the year ended December 31, 2005

Function / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Commission on Aging	Road Commission	Total
Commission on Aging Operations	\$ 627,142	\$ 458,840	\$ -	\$ (44,025)	\$ -	(44,025)
Road Commission Operations	3,318,389	3,583,567	-	-	1,408,411	1,408,411
TOTAL COMPONENT UNITS	\$ 3,945,531	\$ 4,042,407	\$ -	(44,025)	1,408,411	1,364,386
General Revenues:						
Property taxes				35,425	-	35,425
Interest and investment earnings				-	35,264	35,264
Miscellaneous				69	11,367	11,436
TOTAL GENERAL REVENUES AND EXTRAORDINARY ITEMS				35,494	46,631	82,125
CHANGE IN NET ASSETS						
Net assets, beginning of year				(8,531)	1,455,042	1,446,511
				(15,136)	1,899,992	1,884,856
NET ASSETS, END OF YEAR				\$ (23,667)	\$ 3,355,034	\$ 3,331,367

The accompanying notes are an integral part of these financial statements.

County of Alger, Michigan

December 31, 2005

Notes to Financial Statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES:

REPORTING ENTITY

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 *The Financial Reporting Entity*, these financial statements present the County of Alger, Michigan (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether financial statements would be misleading if the component unit data were not included. The accounting policies of the primary government conform to the accrual basis of accounting.

The financial information presented in this report is for the year ended December 31, 2005, except for the Alger County Commission on Aging (discretely presented component unit) which are for the fiscal year ended September 30, 2005.

Discretely Presented Component Units

Governmental Fund Types

Road Commission – The Alger County Road Commission, which is established pursuant of the County Road Law (MCL 224.1), is governed by an elected three member Board of County Road Commissioners. The Road Commissioners may not issue debt or levy a tax without the approval of the county Board of Commissioners. If approval is granted, Road Commission taxes are levied under the taxing authority of the county, as approved by the county electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund.

The Road Commission Operating Fund is used to control expenditures of Michigan Transportation Fund monies distributed to the County, which are earmarked by law for street and highway purposes.

A complete financial statement of the component unit can be obtained directly from the administrative office.

Alger County Road Commission
E9264 M-28
Munising, Michigan 49862

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Commission on Aging – The Alger County Commission on Aging is governed by a nine member board appointed by the County Board. It provides services to the elderly residents of Alger County. The financial information presented for this component unit is for the fiscal year ended September 30, 2005.

A complete financial statement of the component unit can be obtained directly from the administrative office.

Alger County Commission on Aging
101 Court Street
Munising, Michigan 49862

Economic Development Corporation (EDC) – The Alger County EDC has no balances, is inactive and therefore, not included in the accompanying financial statements.

District Health Department – Luce, Mackinac, Alger and Schoolcraft Counties participate jointly in the operation of the District Health Department. All of the financial operations of the Health department are recorded in the records of Luce County. Alger's appropriation to the District Health Department for the calendar year was \$10,337.

Description of County Operations

The County of Alger was organized in 1885 and covers an area of 905 square miles with the County seat located in the City of Munising. The County operates under an elected Board of Commissioners (5 members) and provides services to its more than 9,800 residents (2000 census), including legislative, judicial, public safety, health and welfare, social services and ambulance.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's public safety, judicial, health and welfare and general government services are classified as governmental activities. The County does not engage in business-type activities.

In the government-wide Statement of Net Assets, the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets as well as long-term debt and obligations. The County's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs by function are normally covered by general revenues.

The government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities. For the most part, the effect of interfund activities has been removed from these statements.

Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are reported by generic classification within the financial statements. The County uses the following fund types:

Governmental Fund Types:

General Fund – This fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – These funds are used to account for specific revenue derived from State and Federal grants, general fund appropriations and charges for services which are to be expended for specific purposes, as dictated by legal, regulatory or administrative requirements. Special Revenue Funds include the Social Services, Ambulance, M.S.U. Extension, County Law Library, Emergency Management, Friend of the Court, Probate Child Care, Building Department, Veterans Trust, Michigan Justice Training, Central Dispatch 911, Wireless 911, Restricted, Register of Deeds Automation, Revenue Sharing Reserve, Emergency Management Grant, Drug Law Enforcement, Circuit Court Probate Oversight, Homestead Property Tax, D.A.R.E., Snowmobile Enforcement and Local Corrections Funds.

Capital Projects Fund – These funds are used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and special assessments).

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Component Units – Component units are used to account for the discretely presented component units which follow governmental fund accounting guidelines. These include the Alger County Commission on Aging and the Alger County Road Commission.

Proprietary Fund Types:

Internal Service Funds – These funds account for the financing of goods and services provided by one department or agency to other departments or agencies of the County, or to other governmental units on a cost reimbursement basis or for the purchase of delinquent real property taxes from local units of government. The primary government's 100% Tax Payment Fund is the internal service type fund.

Fiduciary Fund Types:

Agency Funds – These funds account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The primary government's Agency Fund is used to account for the collections of taxes, fees, etc., that have not been remitted to other governments or funds.

The County's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the County, these funds are not incorporated into the government-wide statements.

Major Funds:

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The County reports the following major governmental funds: the General Fund, Ambulance Fund, Restricted Fund, and Revenue Sharing Reserve Fund.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Accrual – Government activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows. Property taxes are recognized as

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Available" means collectible within the current period or within 60 days of the end of the current fiscal period. Significant revenues susceptible to accrual include payments in lieu of taxes, state and federal sources, and intergovernmental revenues. Other revenue sources such as licenses, permits, charges for services, sales, fees, fines, rentals, and other are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred with certain exceptions such as interest on long-term debt, compensated absences and claims and judgments which are generally recognized when payment is due.

Cash

The primary government classifies all demand and time deposits including Certificates of Deposit, as well as cash on hand and short-term investments with original maturities of three months or less from date of acquisition, as cash in the accompanying financial statements.

Taxes Receivable

Property taxes levied attach as an enforceable lien on property. Taxes are levied on December 1 and are payable by February 28 of the subsequent year. The County tax is collected by the various local tax collecting units (Townships, Cities, etc.) and are recognized as revenue in the year in which payment is due. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60 day period following the year end. Accordingly, deferred revenue is being recognized for such amounts even though the cash basis of accounting is utilized.

Compensated Absences

The primary government has vacation and sick leave policies for each of its major groups of employees. Employees earn annual vacation and sick leave at a rate of a certain number of days per year based on the number of years of service up to a maximum number of accumulated days. Annual vacation and sick leave days are based on various Labor Union Contract terms and administrative policies of the County. Unused vacation can not be carried forward and therefore no liability is recorded. The sick leave policies are as follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Courthouse Employee' Chapter Of Local #625 – Regular full time employees are entitled to one seven (7) hour day of paid sick leave for each calendar month of employment. The unused portion may accumulate from year to year to a maximum of seventy five (75) days.

In addition upon death or termination of employment employees are paid an amount per accumulated day. The daily rate is determined by the employee's current base hourly rate of pay multiplied by seven (7) hours.

Sheriff's Department Employees Chapter – Regular full time employees are entitled to one eight (8) hour day of paid sick leave for each calendar month of employment. The unused portion may accumulate from year to year to a maximum of one hundred (100) days.

In addition, upon death or termination of employment, employees are paid an amount per accumulated day. The daily rate is determined by the employee's current base hourly rate of pay multiplied by eight (8) hours.

A liability for unpaid sick pay is recorded in accordance with GASB Statement 16, which requires sick leave to be recorded as a liability if the employee earns the right to be compensated for all or a portion of their accumulated leave upon termination. The method used to determine the liability includes both employees who currently are eligible (vested) to receive termination payments and other employees who are expected to become eligible (vested) in the future. The accumulations are reduced to a maximum amount allowed as a termination payment. GASB Statement 16 also requires an additional amount to be recorded as a liability for salary related payments associated with the payment of compensated absences (social security taxes, etc.). The sick leave benefit liability is recorded in the government-wide financial statements as a long-term liability.

Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the County before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Deferred revenue at December 31, 2005 consists of grants received for the 2005 fiscal year and the 2005 tax levy.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED):

Capital Assets

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets acquired by gift or bequest are recorded at their estimated fair value on the date of transfer.

Depreciation of all exhaustible capital assets is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on government-wide statement of net assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	40–50 years
Equipment and vehicles	5–20 years
Infrastructure	20–50 years

NOTE B – CASH DEPOSITS AND INVESTMENTS:

Cash balances can be summarized into the following categories:

	Primary Government	Component Units	Fiduciary Funds	Total
Cash in demand accounts	\$7,660	\$4,500	\$-	\$12,160
Cash in savings accounts	622,384	1,189,118	475,246	2,286,748
Certificates of Deposit	1,500,000	-	-	1,500,000
Imprest cash	725	719	-	1,444
Totals	<u>\$2,130,769</u>	<u>\$1,194,337</u>	<u>\$475,246</u>	<u>\$3,800,352</u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. State law does not require and the County does not have a deposit policy for custodial credit risk. The carrying amounts of the County's deposits with financial institutions was \$3,800,352 and the bank balance was \$4,147,380. Of the bank balance, \$303,224 or approximately 7% was covered by federal depository insurance according to FDIC regulations.

Investments

As of December 31, 2005, the County had no investments.

NOTE B – CASH DEPOSITS AND INVESTMENTS (CONTINUED):

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the County's investments. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Michigan statutes (Act 196, PA 1997) authorize the County to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The County has no investment policy that would further limit its investment choices. The County's investments are in accordance with statutory authority.

NOTE C – INTERFUND TRANSFERS AND INTERFUND BALANCES:

The transfers between funds for the year ended December 31, 2005 are as follows:

	<u>Transfers In</u>		<u>Transfers Out</u>
County Law Library	\$14,284	General Fund	\$34,284
Social Services	10,000		
Probate Child Care	10,000		
Subtotal	<u>34,284</u>	Subtotal	<u>34,284</u>
General Fund	236,324	Ambulance Fund	76,000
		Building Fund	3,500
		Emergency Management	
		Grant Fund	37,500
		100% Tax Collection Funds	119,324
Subtotal	<u>236,324</u>	Subtotal	<u>236,324</u>
Delinquent Taxes Fund	596,861	1999 Tax Collection Fund	12,511
		2000 Tax Collection Fund	40,797
		2001 Tax Collection Fund	39,832
		2002 Tax Collection Fund	94,567
		2003 Tax Collection Fund	409,154
Subtotal	<u>596,861</u>	Subtotal	<u>596,861</u>

NOTE C – INTERFUND TRANSFERS AND INTERFUND BALANCES (CONTINUED):

	Transfers In		Transfers Out
Emergency Management Grant Fund	\$12,700	Ambulance Fund	\$12,700
Ambulance Fund	34,272	Emergency Management Grant Fund	34,272
2002 Tax Collection Fund	4,000	Register of Deeds Automation Fund	4,000
County Law Library Fund	3,288	Delinquent Taxes Fund	3,288
TOTAL	\$921,729	TOTAL	\$921,729

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The amounts of interfund receivables and payables are as follows:

Fund	Interfund Receivable	Fund	Interfund Payable
Revenue Sharing Reserve Fund	\$11,969	General Fund	\$11,969

All internal balances resulted from time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE D – CAPITAL ASSETS:

A summary of the changes in governmental activities capital assets for the year ended December 31, 2005 is as follows:

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Capital assets not being depreciated:				
Land	\$ 160,000	\$-	\$-	\$160,000
Capital assets being depreciated:				
Buildings and improvements	3,084,395	44,195	-	3,128,590
Equipment and vehicles	492,065	161,675	-	653,740
Total Capital Assets	3,736,460	205,870	-	3,942,330
Less accumulated depreciation:				
Buildings and improvements	982,093	64,003	-	1,046,096
Equipment and vehicles	228,677	69,169	-	297,846
Total Accumulated Depreciation	1,210,770	133,172	-	1,343,942
Capital Assets, Net	\$2,525,690	\$72,698	\$-	\$2,598,388

NOTE D – CAPITAL ASSETS (CONTINUED):

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

Governmental Activities:	
General government	\$57,355
Public safety	49,198
Health and welfare	26,619
Total Depreciation Expense – Governmental Activities	<u>\$133,172</u>

A summary of the changes in component units capital assets for the year ended December 31, 2005 is as follows:

	Balance January 1, 2005	Additions	Deductions	Balance December 31, 2005
Capital assets not being depreciated:				
Land	\$49,332	\$-	\$-	\$49,332
Capital assets being depreciated:				
Buildings	3,856,684	-	-	3,856,684
Equipment and vehicles	4,696,924	56,037	-	4,752,961
Infrastructure	426,995	1,409,500	-	1,836,495
Total Capital Assets	<u>9,029,935</u>	<u>1,465,537</u>	<u>-</u>	<u>10,495,472</u>
Less accumulated depreciation:				
Buildings	732,394	81,530	-	813,924
Equipment and vehicles	4,012,621	265,488	-	4,278,109
Infrastructure	-	20,051	-	20,051
Total Accumulated Depreciation	<u>4,745,015</u>	<u>367,069</u>	<u>-</u>	<u>5,112,084</u>
Capital Assets, Net	<u>\$4,284,920</u>	<u>\$1,098,468</u>	<u>\$-</u>	<u>\$5,383,388</u>

NOTE E – LONG-TERM DEBT:

The following is a summary of the long-term debt of the primary government at December 31, 2005:

	Balance 1/1/05	Additions	Reductions	Balance 12/31/05
Sick Leave	\$185,799	\$5,687	\$-	\$191,486
Bonds Payable	1,080,000	-	30,000	1,050,000
	<u>\$1,265,799</u>	<u>\$5,687</u>	<u>\$30,000</u>	<u>\$1,241,486</u>

Sick Leave

Employees earn annual vacation and sick leave at various numbers of days per year based on length of service up to a maximum accumulation of days. These benefits are outlined in labor union contracts and administrative policies of the County. At December 31, 2005, liabilities for accumulated unpaid sick leave as reported in the Statement of Net

NOTE E – LONG-TERM DEBT (CONTINUED):

Assets total \$185,799. The County does not allow a carry forward of unused vacation benefits to the following operating year unless specifically approved on an individual basis in accordance with union contracts.

Bond Issue

The County of Alger Building authority 1999 Building Authority Bond is a \$1,220,200 issue, on which the County has drawn the full amount as of December 31, 2003. The proceeds of the bonds were used in the construction of an addition to the County Courthouse.

The bonds accrue interest at an annual rate of 4.75%, with interest being payable twice a year, on April 1 and October 1. Principal payments are due once each year, on April 1. The following future payment information is presented.

Years	Principal	Interest	Totals
2006	\$35,000	\$49,044	\$84,044
2007	35,000	47,381	82,381
2008	40,000	45,600	85,600
2009	40,000	43,700	83,700
2010	40,000	41,800	81,800
2011-2014	190,000	145,825	335,825
2015-2019	295,000	125,281	420,281
2020-2024	375,000	46,907	421,907
Totals	<u>\$1,050,000</u>	<u>\$545,538</u>	<u>\$1,595,538</u>

NOTE F – PROPERTY TAXES:

The County property taxes are levied and become a lien on each December 1 based on the taxable valuation of property located in the County as of the preceding December 31st. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County delinquent tax roll.

Although the County 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the County's policy to recognize revenue from the current tax levy in the ensuing year, as collected.

The 2005 taxable valuation of the County totaled \$263,269,043, on which ad valorem taxes levied consisted of the following (one mill is equal to \$1.00 per \$1,000 of taxable value):

General Fund	5.2510 mills
Ambulance Fund	0.9845 mills
M.S.U. Extension Fund	0.2360 mills
Commission on Aging	0.22408mills
TOTAL	<u>6.7123 mills</u>

NOTE G – RENTAL INCOME:

The County leases office space to other governmental units under operating leases which are renewable annually. The rental income on these leases was \$107,785 in 2005. The cost of the facilities used has not been determined.

NOTE H – PENAL FINES:

The Alger County Treasurer collects penal fines for the Alger County Law Library and for the Munising Public School Library in accordance with the provisions of Public Act 59, 1964. This act requires that penal fines revenues collected by the County Treasurer be distributed to public libraries and county law libraries.

NOTE I – RISK MANAGEMENT:

The County is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The County with other municipalities participates in the Michigan Municipal Risk Management Authority. The County pays an annual premium for its general liability, excess liability, auto liability, errors and omissions, and physical damage insurance coverage. The agreement provides that the pool will cover liability claims in excess of \$75,000 for each insured event to a maximum of \$10,000,000 and property and crime claims in excess of \$1,000 plus 10% of the next \$100,000. If a covered loss exceeds the Authority's limits, all further payments for such loss are the sole obligation of the County. If for any reason, the Authority resources available to pay losses are depleted, the payment of all unpaid losses of the county is the sole obligation of the County. Settled claims have not exceeded the amount of insurance coverage in any of the past three years.

The County continues to carry commercial insurance for other risk of loss, including worker's compensation and employee health insurance.

NOTE J – PENSION PLANS:

The County has two pension plans in an agent multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. One is for the primary unit, the other for a component unit (County Road Commission). The County does not include here all of the disclosures required by generally accepted accounting principles relating to these plans. Readers are referred to annual reports of the Plans for further information.

The County's payroll for employees covered by the System for the year ended December 31, 2005 was approximately \$1,406,000 and the total payroll was approximately \$1,562,000. Employer contributions totaled \$266,644 for 2005. This Plan covers all of the County's regular full-time employees.

NOTE K – DEFERRED COMPENSATION PLAN:

The County of Alger offers its employees two deferred compensation plans created in accordance with Internal Revenue Code, Section 457. The Plans, available to all employees, permit them to defer a portion of their current salary until the employee's termination, retirement, death or unforeseeable emergency. The amounts deferred under the plans are held in trust for the exclusive benefit of plan participants and their beneficiaries.

The Plans are administered by the National Association of Counties (NACo) through Nationwide Retirement Solutions (formerly known as PEBSCO) and the Variable Annuity Life Insurance Company (VALIC). NACo and VALIC, as Plan Administrators, agree to hold harmless and indemnify the County, its appointed and elected officers and participating employees from any loss resulting from NACo, VALIC or their agent's failure to perform their duties and services pursuant to the program.

In accordance with GASB Statement No. 32 plan balances and activities are not reflected in the County's financial statements.

NOTE L – MICHIGAN UNIFORM ACCOUNTING AND BUDGETING ACT:

The County Board of Commissioners amended the budget of the General Fund during the fiscal year. The financial statements reflected these amended budgets. The budget is adopted on a basis consistent with the basis of accounting used by the General Fund, generally the modified cash basis. Budgeted appropriations lapse at year end.

The Act requires that the budget be amended before the additional expenditures are incurred. The County amended the general fund budget at year end, after expenditures were incurred. Therefore, the final budget revision was not made in accordance with the Budget Act. The following line items had excess expenditures over appropriations at December 31, 2005:

Legislative	\$1,340
Judicial	13,911
General Government	17,032
Public Safety	26,126
Other Expenditures	2,665

The County Board of Commissioners did not adopt budgets for the special revenue funds as required by the Budget Act.

NOTE M – RESERVED FUND BALANCE:

The resources of the Capital Projects fund have been received for the specific purpose of providing rehabilitation to homes located in the County through the H.U.D. revolving rehabilitation program. Fund Balance has been reserved for this purpose.

NOTE N – DEFICIT FUND BALANCE:

The following deficit fund balances existed at December 31, 2005. The County plans to eliminate these deficit fund balances through transfers in the subsequent year.

Emergency Management Fund	\$251
---------------------------	-------

NOTE O – JOINT VENTURE COMMUNITY MENTAL HEALTH SERVICES:

Pursuant to an amendment to the Mental Health Code, Public Act 290 of 1995, the Counties of Alger, Marquette, Delta, and Luce created a Community Mental Health Authority with powers and duties as defined in Section 205, MCL 330.1205, known as Pathways to Health Living. Under such provisions, Pathways to Health Living became a separate legal entity from the counties and has its own reporting unit. The Board consists of members of the participating counties as appointed by the respective counties. The Board has full power to comply and carry out the financial and clinical provisions of the Mental Health Code.

Summary financial information as of and for the fiscal year ended September 30, 2004 (the latest available report), for the Board is as follows:

Assets	\$10,274,289
Liabilities	8,214,131
Net Assets	2,060,158
Total Revenues	70,830,109
Total Expenses	72,805,443
Change in Net Assets	(1,975,334)

The separately issued financial statements can be obtained from the administrative office of the Board at: Pathways to Health Living, 200 West Spring Street, Marquette, Michigan 49855.

Required Supplementary Information

County of Alger, Michigan

General Fund

Budgetary Comparison Schedule

For the year ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	GAAP	Final Budget
			Basis	Positive
				(Negative)
REVENUES:				
Taxes	\$ 1,545,249	\$ 1,568,057	\$ 1,645,925	\$ 77,868
Licenses and permits	2,350	2,350	2,418	68
Federal sources	140,000	166,000	182,901	16,901
State sources	614,468	614,468	578,765	(35,703)
Local sources	9,000	11,400	17,241	5,841
Contributions from private sources	16,000	17,245	20,146	2,901
Charges for services	351,500	364,010	368,988	4,978
Fines and forfeitures	14,000	14,676	18,063	3,387
Interest and rentals	135,000	142,412	153,708	11,296
Other revenues	30,100	128,319	101,402	(26,917)
TOTAL REVENUES	2,857,667	3,028,937	3,089,557	60,620
EXPENDITURES:				
Current:				
Legislative	30,500	32,029	33,369	(1,340)
Judicial	489,500	529,930	543,841	(13,911)
General government	669,000	759,912	776,944	(17,032)
Public safety	551,493	628,908	655,034	(26,126)
Health and welfare	74,020	84,146	84,146	-
Other expenditures	1,011,507	1,020,413	1,023,078	(2,665)
Capital outlay	-	-	-	-
Debt service	83,200	80,278	80,278	-
TOTAL EXPENDITURES	2,909,220	3,135,616	3,196,690	(61,074)
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	(51,553)	(106,679)	(107,133)	(454)
OTHER FINANCING SOURCES (USES):				
Loan proceeds	-	-	-	-
Transfers in	98,553	140,963	236,324	95,361
Transfers (out)	(47,000)	(34,284)	(34,284)	-
TOTAL OTHER FINANCING SOURCES (USES)	51,553	106,679	202,040	95,361
CHANGE IN FUND BALANCE	-	-	94,907	94,907
Fund balance, beginning of year	242,220	242,220	242,220	-
FUND BALANCE, END OF YEAR	\$ 242,220	\$ 242,220	\$ 337,127	\$ 94,907

County of Alger, Michigan
Major Special Revenue Funds
Budgetary Comparison Schedule
For the year ended December 31, 2005

	AMBULANCE FUND					RESTRICTED FUND					REVENUE SHARING RESERVE FUND				
	Budgeted Amounts		Actual GAAP Basis	Final Budget Positive (Negative)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual GAAP Basis	Final Budget Positive (Negative)	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual GAAP Basis	Final Budget Positive (Negative)	Variance with Final Budget Positive (Negative)
REVENUES:															
Property taxes	\$ -	\$ -	\$ 227,131	\$ 227,131		\$ -	\$ -	\$ -	\$ -		\$ -	\$ -	\$ 429,815	\$ 429,815	
State sources	-	-	1,970	1,970		-	-	-	-		-	-	-	-	
Local sources	-	-	-	-		-	-	-	-		-	-	956	956	
Charges for services	-	-	262,770	262,770		-	-	-	-		-	-	-	-	
Interest income and rentals	-	-	-	-		-	-	-	-		-	-	-	-	
Contributions	-	-	-	-		-	-	-	-		-	-	-	-	
Interest and rentals	-	-	-	-		-	-	14,013	14,013		-	-	-	-	
TOTAL REVENUES	-	-	491,871	491,871		-	-	14,013	14,013		-	-	430,771	430,771	
EXPENDITURES:															
Current operations:															
General government	-	-	-	-		-	-	-	-		-	-	165,319	(165,319)	
Health and welfare	-	-	351,233	(351,233)		-	-	-	-		-	-	-	-	
TOTAL EXPENDITURES	-	-	351,233	(351,233)		-	-	-	-		-	-	165,319	(165,319)	
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	140,638	140,638		-	-	14,013	14,013		-	-	265,452	265,452	
OTHER FINANCING SOURCES (USES):															
Transfers in	-	-	34,272	34,272		-	-	-	-		-	-	-	-	
Transfers (out)	-	-	(88,700)	(88,700)		-	-	-	-		-	-	-	-	
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(54,428)	(54,428)		-	-	-	-		-	-	-	-	
CHANGE IN FUND BALANCE	-	-	86,210	86,210		-	-	14,013	14,013		-	-	265,452	265,452	
Fund balance, beginning of year	-	-	97,748	97,748		-	-	538,381	538,381		-	-	401,593	401,593	
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ 183,958	\$ 183,958		\$ -	\$ -	\$ 552,394	\$ 552,394		\$ -	\$ -	\$ 667,045	\$ 667,045	

Other Financial Information

County of Alger, Michigan
General Fund
Schedule of Revenues and Other Financing Sources -Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
TAXES:			
Current taxes	\$ 1,239,000	\$ 1,318,355	\$ 79,355
Delinquent personal taxes	3,776	3,784	8
Payments in lieu of taxes	182,032	182,182	150
Swampland	92,149	92,149	-
Commercial forest reserve	51,000	49,301	(1,699)
Trailer tax	100	154	54
TOTAL TAXES	<u>1,568,057</u>	<u>1,645,925</u>	<u>77,868</u>
LICENSES AND PERMITS:			
Dog licenses	900	965	65
Pistol permits	1,000	754	(246)
Marriage licenses	350	475	125
Other	100	224	124
TOTAL LICENSES AND PERMITS	<u>2,350</u>	<u>2,418</u>	<u>68</u>
FEDERAL GRANTS:			
Prosecuting Attorney - ADC Coop. Rem.	32,000	29,838	(2,162)
Friend of the Court - Title IV Incentive	13,000	10,406	(2,594)
Friend of the Court - Coop. Rem.	116,000	137,912	21,912
Federal park patrol	5,000	4,745	(255)
TOTAL FEDERAL GRANTS	<u>166,000</u>	<u>182,901</u>	<u>16,901</u>
STATE GRANTS:			
State shared revenues	165,000	165,319	319
Single business inventory tax	14,262	-	(14,262)
Probate judge's salary	94,200	101,063	6,863
Judicial standardization	29,931	26,520	(3,411)
Sheriff's road patrol	44,000	59,415	15,415
State inmate housing	40,000	13,035	(26,965)
County juvenile officer	27,317	34,146	6,829
Attorney fees for state inmates	7,500	476	(7,024)
County diversion officer	15,000	6,405	(8,595)
Community corrections	17,500	17,440	(60)

County of Alger, Michigan
General Fund
Schedule of Revenues and Other Financing Sources - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
STATE GRANTS (Continued):			
Convention facility tax	\$ 36,000	\$ 36,228	\$ 228
Cigarette tax	5,000	6,165	1,165
Snowmobile enforcement	40,493	23,496	(16,997)
Court equity fund	54,235	73,504	19,269
Prosecuting Attorney - Crime Victims Rights	24,000	15,235	(8,765)
Other	30	318	288
TOTAL STATE GRANTS	614,468	578,765	(35,703)
CONTRIBUTIONS FROM LOCAL UNITS:			
Township liquor licenses	8,400	9,280	880
Other local units	3,000	7,961	4,961
TOTAL CONTRIBUTIONS FROM LOCAL UNITS	11,400	17,241	5,841
CONTRIBUTIONS FROM PRIVATE SOURCES:			
Gaming revenue sharing	16,000	16,000	-
Other private sources	1,245	4,146	2,901
TOTAL CONTRIBUTIONS FROM PRIVATE SOURCES	17,245	20,146	2,901
CHARGES FOR SERVICES:			
Circuit court costs	11,350	16,454	5,104
District court costs	125,000	131,467	6,467
Circuit court fees	6,000	6,866	866
District court fees	10,000	13,127	3,127
Friend of the court	6,100	7,702	1,602
Probate court	4,000	3,667	(333)
Probate court attorney fees	1500	791	(709)
Treasurer services	1,500	1,514	14
Clerk services	10,000	11,350	1,350
Register of deeds	74,898	61,234	(13,664)
Real estate transfer tax	44,500	54,582	10,082
Sheriff's service	15,000	9,085	(5,915)
Current services - sales:			
Postage	3,962	7	(3,955)
Other	34,200	34,561	361
County inmate room and board	16,000	16,581	581
TOTAL CHARGES FOR SERVICES	364,010	368,988	4,978

County of Alger, Michigan
General Fund
Schedule of Revenues and Other Financing Sources - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
FINES AND FORFEITS:			
Forfeitures	\$ 8,000	\$ 4,303	\$ (3,697)
Penalties	1,000	1,030	30
Penal fines	5,676	12,730	7,054
TOTAL FINES AND FORFEITS	14,676	18,063	3,387
INTEREST AND RENTALS:			
Interest on investments	32,412	45,923	13,511
Rents	110,000	107,785	(2,215)
TOTAL INTEREST AND RENTALS	142,412	153,708	11,296
OTHER REVENUE:			
Other miscellaneous revenue	128,319	101,402	(26,917)
TOTAL OTHER REVENUE	128,319	101,402	(26,917)
TOTAL REVENUES	3,028,937	3,089,557	60,620
OTHER FINANCING SOURCES:			
Transfers in:			
Ambulance Fund	76,000	76,000	-
Building Fund	-	3,500	3,500
Emergency Management Fund	-	37,500	37,500
Delinquent Tax Revolving Fund	64,963	119,324	54,361
TOTAL OTHER FINANCING SOURCES	140,963	236,324	95,361
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 3,169,900	\$ 3,325,881	\$ 155,981

County of Alger, Michigan
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the year ended December 31, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
LEGISLATIVE:			
Board of Commissioners	\$ 31,258	\$ 32,598	\$ (1,340)
Advertising	<u>771</u>	<u>771</u>	<u>-</u>
TOTAL LEGISLATIVE	<u>32,029</u>	<u>33,369</u>	<u>(1,340)</u>
JUDICIAL:			
Circuit Court	101,517	104,591	(3,074)
Circuit Court - administrative	4,000	4,000	-
District Court	107,464	109,634	(2,170)
District/Circuit Courts - standardization	25,112	25,112	-
Friend of the Court	95,160	98,442	(3,282)
Probate Court	153,257	157,774	(4,517)
Probate Court - juvenile officer	32,625	33,493	(868)
Probate Court - diversion officer	8,655	8,655	-
Jury commission	<u>2,140</u>	<u>2,140</u>	<u>-</u>
TOTAL JUDICIAL	<u>529,930</u>	<u>543,841</u>	<u>(13,911)</u>
GENERAL GOVERNMENT:			
Elections	19,323	19,323	-
Tax equalization	122,419	127,115	(4,696)
Clerk/Register of deeds	157,504	160,844	(3,340)
Prosecuting attorney	111,649	114,517	(2,868)
Treasurer	106,547	109,105	(2,558)
Building and grounds	200,979	203,487	(2,508)
Duplicating services	17,087	17,087	-
Postage	19,125	20,187	(1,062)
Service contract	<u>5,279</u>	<u>5,279</u>	<u>-</u>
TOTAL GENERAL GOVERNMENT	<u>759,912</u>	<u>776,944</u>	<u>(17,032)</u>

County of Alger, Michigan
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
PUBLIC SAFETY:			
Sheriff	\$ 79,239	\$ 81,679	\$ (2,440)
Road patrol	43,277	43,430	(153)
U.S. Forest patrol	3,752	3,752	-
Jail	423,580	446,103	(22,523)
Snowmobile	20,017	20,017	-
Motor pool	22,055	22,055	-
Emergency services	10,000	10,000	-
Animal control	5,092	5,704	(612)
Other	21,896	22,294	(398)
TOTAL PUBLIC SAFETY	628,908	655,034	(26,126)
HEALTH AND WELFARE:			
District Health Department	14,341	14,341	-
Substance abuse services	18,114	18,114	-
Medical examiner	6,435	6,435	-
Community mental health	33,220	33,220	-
Veterans burials	3,000	3,000	-
Veterans affairs	9,036	9,036	-
TOTAL HEALTH AND WELFARE	84,146	84,146	-
OTHER EXPENDITURES:			
Insurance	644,373	644,699	(326)
Retirement	239,103	239,103	-
Social security	98,014	98,014	-
Unemployment	8,773	8,773	-
Airport	3,514	3,514	-
Professional fees	24,715	26,758	(2,043)
Computer services	358	358	-
Miscellaneous	1,563	1,859	(296)
TOTAL OTHER EXPENDITURES	1,020,413	1,023,078	(2,665)
DEBT SERVICE	80,278	80,278	-
TOTAL EXPENDITURES	3,135,616	3,196,690	(61,074)

County of Alger, Michigan
General Fund
Schedule of Expenditures and Other Financing Uses - Budget and Actual
For the year ended December 31, 2005

	Budget	Actual	Variance Favorable (Unfavorable)
OTHER FINANCING USES:			
Transfers out:			
Probate/Child Care Fund	\$ 10,000	\$ 10,000	-
Social Services Fund	10,000	10,000	-
Law Library Fund	<u>14,284</u>	<u>14,284</u>	<u>-</u>
TOTAL OTHER FINANCING USES	<u>34,284</u>	<u>34,284</u>	<u>-</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u>\$ 3,169,900</u>	 <u>\$ 3,230,974</u>	 <u>\$ (61,074)</u>

County of Alger, Michigan
Ambulance Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Property taxes	\$	227,131
State sources		1,970
Current services:		
Services and mileage		262,770

TOTAL REVENUES 491,871

EXPENDITURES:

Health and welfare:		
Equipment		3,371
County Officer		5,000
Supplies		19,560
Gasoline		7,470
Vehicle		59,890
Maintenance		5,900
Ambulance attendants, clerks		168,558
Other		55,728
Payments to townships		25,756

TOTAL EXPENDITURES 351,233

EXCESS REVENUES OVER (UNDER) EXPENDITURES 140,638

OTHER FINANCING SOURCES (USES):

Transfer in - Emergency Management Grant Fund		34,272
Transfer (out) - Emergency Management Grant Fund		(12,700)
Transfer (out) - General Fund		(76,000)

TOTAL OTHER FINANCING SOURCES (USES) (54,428)

CHANGE IN FUND BALANCE 86,210

Fund balance, beginning of year		97,748
---------------------------------	--	--------

FUND BALANCE, END OF YEAR \$ 183,958

County of Alger, Michigan
Restricted Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources	\$	-
Interest and rentals		<u>14,013</u>

TOTAL REVENUES 14,013

EXPENDITURES:

General government		<u>-</u>
--------------------	--	----------

TOTAL EXPENDITURES -

EXCESS REVENUES OVER (UNDER) EXPENDITURES 14,013

OTHER FINANCING SOURCES (USES):

Transfer in - General Fund		<u>-</u>
----------------------------	--	----------

TOTAL OTHER FINANCING SOURCES (USES) -

CHANGE IN FUND BALANCE 14,013

Fund balance, beginning of year		<u>538,381</u>
---------------------------------	--	----------------

FUND BALANCE, END OF YEAR \$ 552,394

County of Alger, Michigan
Revenue Sharing Reserve Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Property taxes	\$	429,815
Local sources		<u>956</u>

TOTAL REVENUES 430,771

EXPENDITURES:

General government	<u>165,319</u>
--------------------	----------------

TOTAL EXPENDITURES 165,319

EXCESS REVENUES OVER (UNDER) EXPENDITURES 265,452

OTHER FINANCING SOURCES:

Transfer in - General Fund	<u>-</u>
----------------------------	----------

CHANGE IN FUND BALANCE 265,452

Fund balance, beginning of year	<u>401,593</u>
---------------------------------	----------------

FUND BALANCE, END OF YEAR \$ 667,045

County of Alger, Michigan
Non-Major Governmental Funds
Combining Balance Sheet
December 31, 2005

	Special Revenue Funds	Capital Projects Funds	Total
ASSETS			
Cash	\$ 456,617	\$ 14,352	\$ 470,969
Accounts receivable	26,234	-	26,234
Other assets	-	-	-
TOTAL ASSETS	\$ 482,851	\$ 14,352	\$ 497,203
LIABILITIES AND FUND EQUITY			
LIABILITIES:			
Cash overdraft	\$ 1,465	\$ -	\$ 1,465
Accounts payable	13,073	12,940	26,013
Accrued wages	3,569	-	3,569
Other liabilities	-	-	-
TOTAL LIABILITIES	18,107	12,940	31,047
FUND BALANCE:			
Reserved, reported in:			
Capital projects funds		1,412	1,412
Unreserved, reported in:			
Special revenue funds	464,744	-	464,744
TOTAL FUND BALANCE	464,744	1,412	466,156
TOTAL LIABILITIES AND FUND BALANCE	\$ 482,851	\$ 14,352	\$ 497,203

County of Alger, Michigan

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005

	Special Revenue Funds	Capital Projects Funds	Total
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
License and permits	88,173	-	88,173
Federal sources	112,935	78,922	191,857
State sources	123,893	-	123,893
Local sources	116,747	13,840	130,587
Charges for services	53,795	-	53,795
Fines and forfeits	2,001	-	2,001
Interest and rentals	-	-	-
TOTAL REVENUES	497,544	92,762	590,306
EXPENDITURES:			
Current operations:			
Judicial	28,751	-	28,751
General government	183,230	-	183,230
Public safety	166,343	-	166,343
Health and welfare	35,168	-	35,168
Capital outlay	-	147,885	147,885
TOTAL EXPENDITURES	413,492	147,885	561,377
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	84,052	(55,123)	28,929
OTHER FINANCING SOURCES (USES):			
Transfer in	50,272	-	50,272
Transfer in (out)	(79,272)	-	(79,272)
TOTAL OTHER FINANCING SOURCES (USES)	(29,000)	-	(29,000)
CHANGE IN FUND BALANCE	55,052	(55,123)	(71)
Fund balance, beginning of year	409,692	56,535	466,227
FUND BALANCE, END OF YEAR	\$ 464,744	\$ 1,412	\$ 466,156

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Balance Sheet

December 31, 2005

	Social Services		M.S.U.		County Law Library		Emergency Management		Friend of the Court		Probate Child Care		Building Department		Veterans Trust		Michigan Justice Training		Central Dispatch 911	
	Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund		Fund	
ASSETS																				
Cash	\$	-	\$	19,656	\$	-	\$	-	\$	34,903	\$	-	\$	31,441	\$	1,625	\$	5,124	\$	31,620
Accounts receivable	-	-	-	-	-	-	1,707	-	-	-	724	-	-	-	-	-	-	-	-	655
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$	-	\$	19,656	\$	-	\$	1,707	\$	34,903	\$	724	\$	31,441	\$	1,625	\$	5,124	\$	32,275
LIABILITIES AND FUND EQUITY																				
LIABILITIES:																				
Cash overdraft	\$	-	\$	-	\$	-	\$	1,465	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Accounts payable	-	-	-	6,663	-	-	-	-	900	-	724	-	3,618	-	656	-	-	-	-	512
Accrued wages	-	-	-	-	-	-	493	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	6,663	-	-	1,958	-	900	-	724	-	3,618	-	656	-	-	-	-	512
FUND EQUITY:																				
Fund balance - unreserved	-	-	-	12,993	-	-	(251)	-	34,003	-	-	-	27,823	-	969	-	5,124	-	31,763	-
TOTAL FUND EQUITY	-	-	-	12,993	-	-	(251)	-	34,003	-	-	-	27,823	-	969	-	5,124	-	31,763	-
TOTAL LIABILITIES AND FUND EQUITY	\$	-	\$	19,656	\$	-	\$	1,707	\$	34,903	\$	724	\$	31,441	\$	1,625	\$	5,124	\$	32,275

County of Alger, Michigan
Non-major Special Revenue Funds

Combining Balance Sheet

December 31, 2005

		Wireless 911 Fund	Register of Deeds Automation Fund	D.A.R.E. Fund	Emergency Management Grant Fund	Drug Law Enforcement Fund	Circuit Court Probate Oversight Fund	Snowmobile Enforcement Fund	Local Corrections Fund	Homestead Property Tax Fund	Total										
ASSETS																					
Cash	\$	242,734	\$	3,828	\$	4,636	\$	35,137	\$	985	\$	110	\$	12,500	\$	1,860	\$	30,458	\$	456,617	
Accounts receivable		22,486		-		-		662		-		-		-		-		-		26,234	
Other assets		-		-		-		-		-		-		-		-		-		-	
TOTAL ASSETS		\$	265,220	\$	3,828	\$	4,636	\$	35,799	\$	985	\$	110	\$	12,500	\$	1,860	\$	30,458	\$	482,851
LIABILITIES AND FUND EQUITY																					
LIABILITIES:																					
Cash overdraft	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1,465	
Accounts payable		-		-		-		-		-		-		-		-		-		13,073	
Accrued wages		-		-		45		-		-		-		3,031		-		-		3,569	
Other liabilities		-		-		-		-		-		-		-		-		-		-	
TOTAL LIABILITIES		-	-	-	-	45	-	-	-	-	-	-	-	3,031	-	-	-	-	-	18,107	
FUND EQUITY:																					
Fund balance - unreserved		265,220		3,828		4,591		35,799		985		110		9,469		1,860		30,458		464,744	
TOTAL FUND EQUITY		265,220	3,828	4,591	35,799	985	110	9,469	1,860	30,458	464,744										
TOTAL LIABILITIES AND FUND EQUITY		\$	265,220	\$	3,828	\$	4,636	\$	35,799	\$	985	\$	110	\$	12,500	\$	1,860	\$	30,458	\$	482,851

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005

	Social Services Fund	M.S.U. Extension Fund	County Law Library Fund	Emergency Management Fund	Friend of the Court Fund	Probate Child Care Fund	Building Department Fund	Veterans Trust Fund	Michigan Justice Training Fund	Central Dispatch 911 Fund
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	-	88,173	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	2,900	2,247	-
Local sources	-	60,260	-	20,311	-	12,931	-	-	-	-
Charges for services	-	-	-	-	7,468	-	-	-	-	29,679
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Interest and rentals	-	-	2,001	-	-	-	-	-	-	-
TOTAL REVENUES	-	60,260	2,001	20,311	7,468	12,931	88,173	2,900	2,247	29,679
EXPENDITURES:										
Current operations:										
Judicial	-	-	19,651	-	4,500	-	-	-	3,315	-
General government	-	58,416	-	-	-	-	87,624	-	-	-
Public safety	-	-	-	18,960	-	-	-	-	-	35,136
Health and welfare	10,000	-	-	-	-	22,931	-	2,237	-	-
TOTAL EXPENDITURES	10,000	58,416	19,651	18,960	4,500	22,931	87,624	2,237	3,315	35,136
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,000)	1,844	(17,650)	1,351	2,968	(10,000)	549	663	(1,068)	(5,457)
OTHER FINANCING SOURCES (USES):										
Transfer in	10,000	-	17,572	-	-	10,000	-	-	-	-
Transfer (out)	-	-	-	-	-	-	(3,500)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	10,000	-	17,572	-	-	10,000	(3,500)	-	-	-
CHANGES IN FUND BALANCE	-	1,844	(78)	1,351	2,968	-	(2,951)	663	(1,068)	(5,457)
Fund balance, beginning of year	-	11,149	78	(1,602)	31,035	-	30,774	306	6,192	37,220
FUND BALANCE, END OF YEAR \$	\$ -	\$ 12,993	\$ -	\$ (251)	\$ 34,003	\$ -	\$ 27,823	\$ 969	\$ 5,124	\$ 31,763

County of Alger, Michigan

Non-Major Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005

	Wireless 911 Fund	Register of Deeds Automation Fund	D.A.R.E. Fund	Emergency Management Grant Fund	Drug Law Enforcement Fund	Circuit Court Probate Oversight Fund	Snowmobile Enforcement Fund	Local Corrections Fund	Homesite Property Tax Fund	Total
REVENUES:										
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-	-	-	-	-	-	88,173
Federal sources	-	-	-	112,935	-	-	-	-	-	112,935
State sources	106,246	-	-	-	-	-	12,500	-	-	123,893
Local sources	-	-	5,000	-	665	1,500	-	1,860	14,220	116,747
Charges for services	-	16,648	-	-	-	-	-	-	-	53,795
Fines and forfeits	-	-	-	-	-	-	-	-	-	2,001
Interest and rentals	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	106,246	16,648	5,000	112,935	665	1,500	12,500	1,860	14,220	497,544
EXPENDITURES:										
Current operations:										
Judicial	-	-	-	-	-	1,285	-	-	-	28,751
General government	-	28,818	-	-	-	-	-	-	8,372	183,230
Public safety	88,591	-	409	19,677	539	-	3,031	-	-	166,343
Health and welfare	-	-	-	-	-	-	-	-	-	35,168
TOTAL EXPENDITURES	88,591	28,818	409	19,677	539	1,285	3,031	-	8,372	413,492
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	17,655	(12,170)	4,591	93,258	126	215	9,469	1,860	5,848	84,052
OTHER FINANCING SOURCES (USES):										
Transfer in	-	-	-	12,700	-	-	-	-	-	50,272
Transfer (out)	-	(4,000)	-	(71,772)	-	-	-	-	-	(79,272)
TOTAL OTHER FINANCING SOURCES (USES)	-	(4,000)	-	(59,072)	-	-	-	-	-	(29,000)
CHANGES IN FUND BALANCE	17,655	(16,170)	4,591	34,186	126	215	9,469	1,860	5,848	55,052
Fund balance, beginning of year	247,565	19,998	-	1,613	859	(105)	-	-	24,610	409,692
FUND BALANCE, END OF YEAR	\$ 265,220	\$ 3,828	\$ 4,591	\$ 35,799	\$ 985	\$ 110	\$ 9,469	\$ 1,860	\$ 30,458	\$ 464,744

County of Alger, Michigan
Social Services Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ _____ -

TOTAL REVENUES _____ -

EXPENDITURES:

Health and welfare _____ 10,000

TOTAL EXPENDITURES _____ 10,000

EXCESS REVENUES OVER (UNDER) EXPENDITURES (10,000)

OTHER FINANCING SOURCES:

Transfer in - General Fund _____ 10,000

CHANGE IN FUND BALANCE -

Fund balance, beginning of year _____ -

FUND BALANCE, END OF YEAR \$ _____ -

County of Alger, Michigan
M.S.U. Extension Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 60,260

TOTAL REVENUES 60,260

EXPENDITURES:

General government 58,416

TOTAL EXPENDITURES 58,416

EXCESS REVENUES OVER (UNDER) EXPENDITURES 1,844

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 1,844

Fund balance, beginning of year 11,149

FUND BALANCE, END OF YEAR \$ 12,993

County of Alger, Michigan
County Law Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Fines and forfeitures \$ 2,001

TOTAL REVENUES 2,001

EXPENDITURES:

Judicial:
Law books 19,651

TOTAL EXPENDITURES 19,651

EXCESS REVENUES OVER (UNDER) EXPENDITURES (17,650)

OTHER FINANCING SOURCES:

Transfer in - General Fund 14,284
Transfer in - Delinquent Tax Fund 3,288

TOTAL OTHER FINANCING SOURCES (USES) 17,572

CHANGE IN FUND BALANCE (78)

Fund balance, beginning of year 78

FUND BALANCE, END OF YEAR \$ -

County of Alger, Michigan
Emergency Management Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Federal sources	\$ -
Local sources	<u>20,311</u>

TOTAL REVENUES	<u>20,311</u>
-----------------------	---------------

EXPENDITURES:

Public safety	<u>18,960</u>
---------------	---------------

TOTAL EXPENDITURES	<u>18,960</u>
---------------------------	---------------

EXCESS REVENUES OVER (UNDER) EXPENDITURES	1,351
--	-------

OTHER FINANCING SOURCES:

Transfer in - General Fund	<u>-</u>
----------------------------	----------

CHANGE IN FUND BALANCE	1,351
-------------------------------	-------

Fund balance, beginning of year	<u>(1,602)</u>
---------------------------------	----------------

FUND BALANCE, END OF YEAR \$	<u><u>(251)</u></u>
-------------------------------------	---------------------

County of Alger, Michigan
Friend of the Court Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Federal sources	\$ -
Charges for services	<u>7,468</u>

TOTAL REVENUES 7,468

EXPENDITURES:

Judicial	<u>4,500</u>
----------	--------------

TOTAL EXPENDITURES 4,500

EXCESS REVENUES OVER (UNDER) EXPENDITURES 2,968

OTHER FINANCING SOURCES:

Transfer in - General Fund	<u>-</u>
----------------------------	----------

CHANGE IN FUND BALANCE 2,968

Fund balance, beginning of year	<u>31,035</u>
---------------------------------	---------------

FUND BALANCE, END OF YEAR \$ 34,003

County of Alger, Michigan
Probate Child Care Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 12,931

TOTAL REVENUES 12,931

EXPENDITURES:

Health and welfare 22,931

TOTAL EXPENDITURES 22,931

EXCESS REVENUES OVER (UNDER) EXPENDITURES (10,000)

OTHER FINANCING SOURCES:

Transfer in - General Fund 10,000

CHANGE IN FUND BALANCE -

Fund balance, beginning of year -

FUND BALANCE, END OF YEAR \$ -

County of Alger, Michigan
Building Department Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Licenses and permits \$ 88,173

TOTAL REVENUES 88,173

EXPENDITURES:

General government 87,624

TOTAL EXPENDITURES 87,624

EXCESS REVENUES OVER (UNDER) EXPENDITURES 549

OTHER FINANCING SOURCES (USES):

Transfer (out) - General Fund (3,500)

CHANGE IN FUND BALANCE (2,951)

Fund balance, beginning of year 30,774

FUND BALANCE, END OF YEAR \$ 27,823

County of Alger, Michigan
Veterans Trust Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

State sources \$ 2,900

TOTAL REVENUES 2,900

EXPENDITURES:

Health and welfare 2,237

TOTAL EXPENDITURES 2,237

EXCESS REVENUES OVER (UNDER) EXPENDITURES 663

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 663

Fund balance, beginning of year 306

FUND BALANCE, END OF YEAR \$ 969

County of Alger, Michigan
Michigan Justice Training Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

State sources \$ 2,247

TOTAL REVENUES 2,247

EXPENDITURES:

Judicial:

Training 3,315

TOTAL EXPENDITURES 3,315

EXCESS REVENUES OVER (UNDER) EXPENDITURES (1,068)

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE (1,068)

Fund balance, beginning of year 6,192

FUND BALANCE, END OF YEAR \$ 5,124

County of Alger, Michigan
Central Dispatch 911 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Federal sources	\$ -
Local telephone surcharge	<u>29,679</u>

TOTAL REVENUES	<u>29,679</u>
-----------------------	---------------

EXPENDITURES:

Public safety	<u>35,136</u>
---------------	---------------

TOTAL EXPENDITURES	<u>35,136</u>
---------------------------	---------------

EXCESS REVENUES OVER (UNDER) EXPENDITURES	(5,457)
--	---------

OTHER FINANCING SOURCES:

Transfer (out) - Emergency Management Grant Fund	<u>-</u>
--	----------

CHANGE IN FUND BALANCE	(5,457)
-------------------------------	---------

Fund balance, beginning of year	<u>37,220</u>
---------------------------------	---------------

FUND BALANCE, END OF YEAR \$	<u><u>31,763</u></u>
-------------------------------------	----------------------

County of Alger, Michigan
Wireless 911 Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

State 911 wireless grant \$ 106,246

TOTAL REVENUES 106,246

EXPENDITURES:

Public safety 88,591

TOTAL EXPENDITURES 88,591

EXCESS REVENUES OVER (UNDER) EXPENDITURES 17,655

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 17,655

Fund balance, beginning of year 247,565

FUND BALANCE, END OF YEAR \$ 265,220

County of Alger, Michigan
Register of Deeds Automation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Charges for services \$ 16,648

TOTAL REVENUES 16,648

EXPENDITURES:

General government 28,818

TOTAL EXPENDITURES 28,818

EXCESS REVENUES OVER (UNDER) EXPENDITURES (12,170)

OTHER FINANCING SOURCES:

Transfer in - 2002 Tax Collection Fund -

Transfer (out) - 2002 Tax Collection Fund 4,000

CHANGE IN FUND BALANCE (16,170)

Fund balance, beginning of year 19,998

FUND BALANCE, END OF YEAR \$ 3,828

County of Alger, Michigan
D.A.R.E. Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 5,000

TOTAL REVENUES 5,000

EXPENDITURES:

Public safety 409

TOTAL EXPENDITURES 409

EXCESS REVENUES OVER (UNDER) EXPENDITURES 4,591

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 4,591

Fund balance, beginning of year -

FUND BALANCE, END OF YEAR \$ 4,591

County of Alger, Michigan
Emergency Management Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Federal sources	\$	112,935
Local sources		<u>-</u>

TOTAL REVENUES 112,935

EXPENDITURES:

Public safety		<u>19,677</u>
---------------	--	---------------

TOTAL EXPENDITURES 19,677

EXCESS REVENUES OVER (UNDER) EXPENDITURES 93,258

OTHER FINANCING SOURCES:

Transfer in - Ambulance Fund		12,700
Transfer in - Central Dispatch 911 Fund		-
Transfer (out) - Ambulance Fund		(34,272)
Transfer (out)- General Fund		<u>(37,500)</u>

TOTAL OTHER FINANCING SOURCES (59,072)

CHANGE IN FUND BALANCE 34,186

Fund balance, beginning of year		<u>1,613</u>
---------------------------------	--	--------------

FUND BALANCE, END OF YEAR \$ 35,799

County of Alger, Michigan
Drug Law Enforcement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 665

TOTAL REVENUES 665

EXPENDITURES:

Public safety 539

TOTAL EXPENDITURES 539

EXCESS REVENUES OVER (UNDER) EXPENDITURES 126

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 126

Fund balance, beginning of year 859

FUND BALANCE, END OF YEAR \$ 985

County of Alger, Michigan
Circuit Court Probate Oversight Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 1,500

TOTAL REVENUES 1,500

EXPENDITURES:

Judicial 1,285

TOTAL EXPENDITURES 1,285

EXCESS REVENUES OVER (UNDER) EXPENDITURES 215

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 215

Fund balance, beginning of year (105)

FUND BALANCE, END OF YEAR \$ 110

County of Alger, Michigan
Snowmobile Enforcement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 12,500

TOTAL REVENUES 12,500

EXPENDITURES:

Public safety 3,031

TOTAL EXPENDITURES 3,031

EXCESS REVENUES OVER (UNDER) EXPENDITURES 9,469

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 9,469

Fund balance, beginning of year -

FUND BALANCE, END OF YEAR \$ 9,469

County of Alger, Michigan
Local Corrections Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 1,860

TOTAL REVENUES 1,860

EXPENDITURES:

Public safety -

TOTAL EXPENDITURES -

EXCESS REVENUES OVER (UNDER) EXPENDITURES 1,860

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 1,860

Fund balance, beginning of year -

FUND BALANCE, END OF YEAR \$ 1,860

County of Alger, Michigan
Homestead Property Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
For the year ended December 31, 2005

REVENUES:

Local sources \$ 14,220

TOTAL REVENUES 14,220

EXPENDITURES:

General government 8,372

TOTAL EXPENDITURES 8,372

EXCESS REVENUES OVER (UNDER) EXPENDITURES 5,848

OTHER FINANCING SOURCES:

Transfer in - General Fund -

CHANGE IN FUND BALANCE 5,848

Fund balance, beginning of year 24,610

FUND BALANCE, END OF YEAR \$ 30,458

County of Alger, Michigan

Non-Major Capital Projects Funds

Combining Balance Sheet

December 31, 2005

	HUD Grant VII Revolving Rehab Grant Fund	CDBG Housing 2004 Fund	Total
ASSETS			
Cash	\$ 7,889	\$ 6,463	\$ 14,352
TOTAL ASSETS	<u>\$ 7,889</u>	<u>\$ 6,463</u>	<u>\$ 14,352</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	<u>\$ 6,477</u>	<u>\$ 6,463</u>	<u>\$ 12,940</u>
FUND BALANCES:			
Fund balance - reserved	<u>1,412</u>	<u>-</u>	<u>1,412</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,889</u>	<u>\$ 6,463</u>	<u>\$ 14,352</u>

County of Alger, Michigan

Non-Major Capital Projects Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the year ended December 31, 2005

	HUD Grant VII Revolving Rehab Grant Fund	CDBG Housing 2004 Fund	Total
REVENUES:			
Local sources	\$ 13,840	\$ -	\$ 13,840
Federal sources	-	78,922	78,922
TOTAL REVENUES	<u>13,840</u>	<u>78,922</u>	<u>92,762</u>
EXPENDITURES:			
Capital outlay	<u>27,422</u>	<u>120,463</u>	<u>147,885</u>
TOTAL EXPENDITURES	<u>27,422</u>	<u>120,463</u>	<u>147,885</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(13,582)</u>	<u>(41,541)</u>	<u>(55,123)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND BALANCE	<u>(13,582)</u>	<u>(41,541)</u>	<u>(55,123)</u>
Fund balance, beginning of year	<u>14,994</u>	<u>41,541</u>	<u>56,535</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,412</u>	<u>\$ -</u>	<u>\$ 1,412</u>

County of Alger, Michigan
Internal Service Funds

Combining Statement of Net Assets

December 31, 2005

100% Tax Collection Funds																			
		1997	1998	1999	2000	2001	2002	2003	Delinquent Taxes	Foreclosures	Summer Tax	Total							
ASSETS																			
Current Assets:																			
Cash	\$	-	\$	-	\$	10	\$	20,671	\$	164,016	\$	241,722	\$	5,499	\$	445,805			
Receivables - other governmental units		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Taxes receivable		-	-	-	-	1,161	3,001	27,678	313,182	-	-	-	-	-	-	345,022			
TOTAL CURRENT ASSETS																			
		-	-	-	-	1,171	23,672	191,694	554,904	13,887	5,499					790,827			
TOTAL ASSETS																790,827			
LIABILITIES																			
Current Liabilities:																			
Accounts payable		-	-	-	-	-	-	-	-	-	-	-	2,617	-	-	2,617			
Due to other governmental units		-	-	-	-	1,171	200	-	-	-	-	-	-	1,381	-	2,752			
Deferred revenue		-	-	-	-	-	-	-	-	-	-	-	4,106	-	-	4,106			
TOTAL CURRENT LIABILITIES																			
		-	-	-	-	1,171	200	-	-	6,723	1,381					9,475			
TOTAL LIABILITIES																			
		-	-	-	-	1,171	200	-	-	6,723	1,381					9,475			
NET ASSETS																			
Unrestricted		-	-	-	-	-	23,472	191,694	554,904	7,164	4,118					781,352			
TOTAL NET ASSETS																			
		\$	-	\$	-	\$	-	\$	23,472	\$	191,694	\$	554,904	\$	7,164	\$	4,118	\$	781,352

County of Alger, Michigan

Internal Service Funds

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the year ended December 31, 2005

	100% Tax Collection Funds										Total
	1997	1998	1999	2000	2001	2002	2003	Delinquent Taxes	Foreclosures	Summer Tax	
OPERATING REVENUES:											
Fees	\$ -	\$ -	\$ -	\$ -	\$ 1,119	\$ 1,980	\$ 10,765	\$ 23,578	\$ 24,407	\$ 795	\$ 62,644
Expense of sale	-	-	-	-	-	-	-	-	-	1,228	1,228
TOTAL OPERATING REVENUES	-	-	-	-	1,119	1,980	10,765	23,578	24,407	2,023	63,872
OPERATING EXPENSES:											
Other operating expenses	7,075	4,570	-	-	-	-	3,128	1,747	17,270	-	33,790
TOTAL OPERATING EXPENSES	7,075	4,570	-	-	-	-	3,128	1,747	17,270	-	33,790
OPERATING INCOME (LOSS)	(7,075)	(4,570)	-	-	1,119	1,980	7,637	21,831	7,137	2,023	30,082
NONOPERATING REVENUES (EXPENSES):											
Interest income	-	-	-	-	449	11,584	57,755	27,514	27	-	97,329
Interest expense	-	-	-	-	-	-	-	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	-	-	-	-	449	11,584	57,755	27,514	27	-	97,329
INCOME (LOSS) BEFORE TRANSFERS	(7,075)	(4,570)	-	-	1,568	13,564	65,392	49,345	7,164	2,023	127,411
Transfers in	-	-	-	-	-	4,000	-	596,861	-	-	600,861
Transfers (out)	-	-	(12,511)	(40,797)	(39,832)	(94,567)	(439,669)	(91,302)	-	(795)	(719,473)
CHANGE IN NET ASSETS	(7,075)	(4,570)	(12,511)	(40,797)	(38,264)	(77,003)	(374,277)	554,904	7,164	1,228	8,799
Net assets, beginning of year	7,075	4,570	12,511	40,797	38,264	100,475	585,971	-	-	2,890	772,553
NET ASSETS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,472	\$ 191,694	\$ 554,904	\$ 7,164	\$ 4,118	\$ 781,352

County of Alger, Michigan

Internal Service Funds

Combining Statement of Cash Flows

For the year ended December 31, 2005

	100% Tax Collection Funds										
	1997	1998	1999	2000	2001	2002	2003	Delinquent Taxes	Foreclosures	Summer Tax	Total
CASH FLOWS FROM OPERATING ACTIVITIES:											
Cash received from fees and charges for services	\$ 7,152	\$ 4,570	\$ 9,027	\$ 2,789	\$ 1,553	\$ 48,409	\$ 267,609	\$ (289,604)	\$ 24,407	\$ 2,023	\$ 77,935
Cash payments to suppliers for goods and services	(7,152)	(4,570)	(297)	(748)	(1,033)	(750)	(3,128)	(1,747)	(10,547)	1,381	(28,591)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	-	-	8,730	2,041	520	47,659	264,481	(291,351)	13,860	3,404	49,344
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:											
Transfers in (out)	-	-	(12,511)	(40,797)	(39,832)	(90,567)	(439,869)	505,559	-	(795)	(118,612)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	-	(12,511)	(40,797)	(39,832)	(90,567)	(439,869)	505,559	-	(795)	(118,612)
CASH FLOWS FROM INVESTING ACTIVITIES:											
Interest income	-	-	-	-	449	11,584	57,755	27,514	27	-	97,329
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	-	-	449	11,584	57,755	27,514	27	-	97,329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(3,781)	(38,756)	(38,863)	(31,324)	(117,433)	241,722	13,887	2,609	28,061
Cash and cash equivalents, beginning of year	-	-	3,781	38,756	38,873	51,995	281,449	-	-	2,890	417,744
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 20,671	\$ 164,016	\$ 241,722	\$ 13,887	\$ 5,499	\$ 445,805
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:											
Operating income (loss)	\$ (7,075)	\$ (4,570)	\$ -	\$ -	\$ 1,119	\$ 1,980	\$ 7,837	\$ 21,831	\$ 7,137	\$ 2,023	\$ 30,082
Adjustments to reconcile operating income to net cash provided by operating activities:											
Change in assets and liabilities:											
(Increase) decrease in accounts receivable	-	-	63	72	-	16,400	-	-	-	-	16,535
(Increase) decrease in taxes receivable	7,152	4,570	8,964	2,717	434	30,029	256,844	(313,182)	-	-	(2,472)
Increase (decrease) in accounts payable	(77)	-	(297)	(748)	(1,033)	(750)	-	-	6,723	1,381	5,199
NET ADJUSTMENTS	7,075	4,570	8,730	2,041	(599)	45,679	256,844	(313,182)	6,723	1,381	19,262
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ 8,730	\$ 2,041	\$ 520	\$ 47,659	\$ 264,481	\$ (291,351)	\$ 13,860	\$ 3,404	\$ 49,344

County of Alger, Michigan

Fiduciary Funds

Combining Statement of Net Assets

December 31, 2005

	Agency Fund	Payroll Agency Fund	Library Penal Fines Fund	Total
ASSETS				
Cash	\$ 453,584	\$ 21,662	\$ -	\$ 475,246
Accounts receivable	-	-	4,460	4,460
TOTAL ASSETS	<u>\$ 453,584</u>	<u>\$ 21,662</u>	<u>\$ 4,460</u>	<u>\$ 479,706</u>
LIABILITIES				
Due to other governmental units:				
State of Michigan	\$ 38,326	\$ -	\$ -	\$ 38,326
Other	388,602	-	4,460	393,062
Other liabilities	26,656	21,662	-	48,318
TOTAL LIABILITIES	<u>\$ 453,584</u>	<u>\$ 21,662</u>	<u>\$ 4,460</u>	<u>\$ 479,706</u>

Compliance Supplements



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN
ESCANABA
IRON MOUNTAIN
KINROSS
MARQUETTE

WISCONSIN
GREEN BAY
MILWAUKEE

REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners
County of Alger, Michigan
Munising, Michigan 49862

We have audited the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of the County of Alger, Michigan as of and for the year ended December 31, 2005, and have issued our report thereon dated June 2, 2006. We did not audit the financial statements of the Commission on Aging discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that component unit, is based on the report of the other auditors. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Alger, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances are described in a separate letter to management dated June 2, 2006.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Alger, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment could adversely affect the County of Alger, Michigan's ability to record, process, summarize and report financial data consistent

Board of Commissioners
County of Alger, Michigan
Munising, Michigan 49862

with the assertions of management in the financial statements. These reportable conditions are described in a separate letter to management dated June 2, 2006.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to management in a separate letter dated June 2, 2006.

This report is intended solely for the information and use of management, others within the organization, County Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLLC
Certified Public Accountants

June 2, 2006



*County of Alger, Michigan
Report to Management Letter
For the Year Ended December 31, 2005*

To the Honorable Chairman and Members of
The Board of Commissioners
County of Alger, Michigan
Munising, MI 49862

In planning and performing our audit of the financial statements of the County of Alger, Michigan for the year ended December 31, 2005, we considered its internal accounting control structure for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to deficiencies in the design or operation of the internal control structure that, in our judgement, could affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable Conditions

Payroll System

Our testing of the payroll system disclosed that not all departments are submitting supervisor approved time sheets. The need for supervisor review and approval of time sheets cannot be overemphasized. We recommend that all employee time sheets be initialed by a supervisor before payroll is released.

We noted the County returned the payroll duties to a Deputy Clerk per our recommendation in the prior audit. However, we also recommended the County Clerk perform management oversight of the payroll process to strengthen internal controls in this area. We noted during our testing of the current year's payroll that there is no management oversight of the payroll function being performed. We recommend the County Clerk review the payroll reports before the payroll process is finalized.

We commend the County for further strengthening the payroll system by instituting the direct deposit and payroll deduction recommendations per our prior year letter.

Instances of Non-Compliance

Uniform Budgeting and Accounting Act (P.A. 621)

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The purpose of P.A. 621 is to require that all local units of government adopt balanced budgets, to establish responsibilities and define the procedure for the preparation, adoption and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. The major provisions of P.A. 621 are as follows:

1. Local Units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless the debt is permitted by law.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures shall be filed with the State Treasurer and reported to the Attorney General.

The County was found to be in violation of the legal and contractual provisions of Public Act 621 in certain individual funds as enumerated upon in Footnote L.

* * * * *

This report is intended solely for the information and use of the County's management, and others within the County Administration.

We appreciate and would like to thank the County's staff for the cooperation and courtesy extended to us during our audit. We would be pleased to discuss any comments or answer any questions regarding our audit with you at your convenience.

Anderson, Tackman & Company, PLLC

Certified Public Accountants

June 2, 2006